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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 016512

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E.O. 12958: DECL: AFTER KOREAN UNIFICATION
TAGS: PREL PTER ECON ENRG CH KN LE IR
SUBJECT: CODEL STEVENS MEETING WITH PRESIDENT HU JINTAO

Classified By: Ambassador Clark T. Randt, Jr. Reasons 1.4 (b/d).

Summary

¶1. (C) CODEL Stevens, accompanied by the Ambassador, reviewed with President Hu Jintao the results of the U.S.-China Inter-Parliamentary Exchange dialogue and urged further Chinese cooperation on the North Korean and Iranian nuclear issues. President Hu said the bilateral relationship is in good shape, emphasized the importance of continued high level exchanges, outlined his recent discussions with President Bush and called for expanded military-military exchanges and cooperation on resource issues. China is prepared to undertake further efforts to bring North Korea back to the Six-Party Talks, President Hu said, but asked for more flexibility on the part of the United States. China will continue to work to persuade Iran to accept the package proposal and believes the Iran nuclear issue should be solved diplomatically. The Senators urged enhanced bilateral cooperation on energy, economic issues and regional security. President Hu said China faces new challenges in its development in the way of resource depletion and environmental degradation and must seek to change its growth mode and enhance domestic demand. End Summary.

¶2. (SBU) President Hu welcomed CODEL Stevens and thanked Senator Stevens for helping China by fighting Japanese aggression during World War II. He reviewed the CODEL's meetings in China and thanked Senator Stevens and Senator Inouye (who had departed China earlier) for their contributions to U.S.-China relations through the establishment of the constructive Inter-Parliamentary Exchange mechanism. Senator Stevens briefly reviewed the history of the U.S.-China Inter-Parliamentary Exchange and cited hopes for robust future exchanges, perhaps including joint hearings or trilateral dialogue that would include legislators from the United States, China and Japan. He characterized the Inter-Parliamentary Exchange dialogue of the past week as frank, results-oriented and successful in furthering discussion of how to handle problems that confront both countries.

Senators Urge Cooperation on Regional Issues

¶3. (SBU) Senator Murray brought President Hu greetings from Seattle, where he had visited in April, and noted the in-depth Inter-Parliamentary discussions on energy, defense, health and economic issues. She

urged China to continue purchases of U.S. aircraft and computer software. Senator Cochran, Senator Dayton and Senator Coleman all expressed concern about the threat posed by North Korea's nuclear program, lamented the stalling of the Six-Party Talks and solicited President Hu's views on how to move forward to resolve the North Korean nuclear issue.

14. (SBU) Senator Specter thanked President Hu for China's support on UNSC resolution 1696 on the Iran nuclear issue, but expressed concern over media reports that a Chinese-made missile was used by Hezbollah to sink an Israeli ship in the Mediterranean. He urged further Chinese cooperation in international efforts to prevent destabilizing arms sales and transfers. Senator Alexander asked about China's plans to boost its educational and scientific prowess in its drive for economic development. Senator Coleman and Senator Burr noted opportunities and challenges faced by the United States and China, including possibilities to cooperate on energy security and the need to show leadership in bringing peace to areas of current instability.

Stakeholders and Constructive Partners

15. (C) President Hu concurred on the importance of further developing the Inter-Parliamentary Exchange mechanism and encouraged expansion of the dialogue to include more agenda items. U.S.-China relations are currently in good shape, President Hu stated, citing his successful April visit to Washington and his recent meeting with President Bush in St. Petersburg

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in connection with the G-8 Summit. The United States and China have reached an important consensus on further development of constructive, cooperative relations on all fronts. Our joint efforts have brought achievements in the areas of counterterrorism, non-proliferation, trade and economic development, energy cooperation, environmental protection, education and public health. The two sides have had good cooperation on the issues of North Korea, Iran and the Middle East and other regional and international issues.

16. (C) Central Military Commission Vice Chairman General Guo Boxiong and State Councilor and Minister of Public Security Zhou Yongkang both recently visited the United States, President Hu noted. General Guo had good discussions on further cooperation on military exchanges. State Councilor Zhou had productive talks on strengthening law enforcement cooperation. Against the new international backdrop, U.S.-China relations have moved beyond bilateral issues to encompass strategic and global issues. As "stakeholders and constructive partners," we should continue to seek common ground, discuss differences, treat each other with respect and increase trust and cooperation, President Hu stated. The United States and China should properly settle sensitive issues and expand consensus to ensure that relations continue to grow on a healthy track.

Procuring U.S. Aircraft and Software

17. (SBU) In response to Senator Murray's remarks, President Hu said that Chinese aircraft purchases from Boeing will "continue smoothly" and that China will strictly honor its commitments to install certified software on Chinese-made computers.

North Korea

¶ 18. (C) President Hu cited China's efforts to promote the reconvening of the Six-Party Talks and said that China is committed to a nuclear weapons free Korean Peninsula as well as the maintenance of peace and stability on the Peninsula. Through joint efforts of the parties, including China and the United States, a joint statement was signed in September last year. However, due to the financial issue, the Talks reached an impasse. The North Koreans' testing of missiles in early July created a predicament, Hu said.

¶ 19. (C) UNSC resolution 1695 has established the common position of the international community on the DPRK missile launches, but the North Korean situation remains complicated and sensitive. Imposition of sanctions is not a "fundamental solution" to bringing about peace on the Korean Peninsula. The solution lies in promoting the Six-Party Talks mechanism to find a peaceful solution through dialogue. We should not give up efforts because of the current difficulties and should continue to try to resume the Six-Party Talks as soon as possible. China is willing to continue its efforts toward this end and to enhance coordination with the United States, but hopes that the United States will show flexibility and properly address DPRK concerns so the Talks can resume quickly.

Iran

¶ 10. (C) China is opposed to all forms of nuclear proliferation, supports maintenance of peace and stability in the Middle East and believes the Iran nuclear issue should be settled through peaceful, diplomatic means. UNSC 1696 demonstrated to Iran the consensus of the international community on this issue. China has been working to persuade Iran to accept the proposal put forward by the EU and other parties. President Hu said he worked personally during President Ahmadinejad's visit to Shanghai for the Shanghai Cooperation Organization Summit to persuade Ahmadinejad. As for arms sales to Iran, China has strictly followed the relevant rules and regulations. In the past, China has conducted some conventional weapons trade with Iran, with the clear

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understanding that there should be no transfers, President Hu stated.

Middle East Conflict

¶ 11. (C) Regarding the conflict in Lebanon, Hu noted that the UNSC has adopted a resolution calling for cessation of hostilities. The pressing issue now is for the parties to cease fire and reduce the suffering of the innocent civilian population.

Economics and Science

¶ 12. (SBU) Despite China's rapid economic growth since reform and opening in the late 70s, China remains a developing country, President Hu stated. China now faces new problems and challenges, including resource depletion and environmental degradation, which require a change in the economic growth mode if China is to maintain continued growth and development. China must work to expand domestic demand and improve its scientific, technological and educational base. In the recent National Science and Technology Conference, the idea of developing the country through innovation was launched. President Hu encouraged further

scientific cooperation between the United States and China and advocated expansion of discussion of regional security and defense issues in the Inter-Parliamentary Exchange mechanism. He closed by reiterating the importance of dialogue between China and the U.S. Congress and invited the Senators to return often to China.

PARTICIPANTS

¶13. (U) U.S. Participants:

Senator Ted Stevens
Ambassador Clark T. Randt, Jr.
Senator Patty Murray
Senator Thad Cochran
Senator Arlen Specter
Senator Mark Dayton
Senator Lamar Alexander
Senator Norm Coleman
Senator Richard Burr
Rick Desimone
George Lowe
Jennifer Mies Lowe
Embassy notetaker
Interpreter

Chinese Participants:

President Hu Jintao
NPC Vice Chairman Sheng Huaren
NPC Foreign Affairs Committee Chairman Jiang Enzhu
Vice Foreign Minister Yang Jiechi
NPC Foreign Affairs Committee Vice Chairman Lu Congmin
NPC Deputy Secretary General Wang Wanbing
Director of President Hu's Office Chen Shiju
NPC Foreign Affairs Office Director Zhu Xueqing
NPC Foreign Affairs Committee Director Peng Fang
MFA North American Affairs Director General Liu Jieyi
Chinese Embassy in Washington Counselor Chen Guomin
Notetakers
Interpreter

¶14. (U) CODEL Stevens did not have the opportunity to clear this message.

RANDT